

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100252449**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Tammye L. Larsen, Respondent
CRD No. 3067562

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Tammye L. Larsen ("Larsen") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Larsen alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Larsen hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Larsen began her career in the securities industry in 1998. After working for two FINRA-registered firms, she became a registered representative with Morgan Stanley Dean Witter (the "Firm") in September of 2003.

On November 19, 2010, the Firm filed a Form U5 (Uniform Termination Notice for Securities Industry Registration) reporting that Larsen's employment at the Firm was terminated. According to the Form U5, the termination related to the fact that she "comming[led] client assets . . . in an outside personal bank account."

Larsen has not been employed in the securities industry since her employment with the Firm was terminated. However, she currently remains subject to FINRA's jurisdiction pursuant to FINRA By-law Article V, Section 4.

OVERVIEW

During 2004, VG, who was 80 years-old at the time, opened several securities accounts at the Firm. These accounts were serviced by Larsen, who had serviced VG's accounts at another broker-dealer prior to the time that she became employed by the Firm.

Over time, Larsen befriended VG, who developed Dementia and became mentally incapacitated sometime after he opened his Firm accounts. Also, VG named Larsen as the Trustee of his living trust in 2001 and gave her power of attorney ("POA") over his financial assets in 2008.

During each of the years 2004 through 2010, Larsen accepted gifts from VG. These gifts included jewelry, shopping trips, funds for home improvements and two automobiles.

Additionally, after VG became mentally incapacitated and beginning in 2009, Larsen: (1) used the POA to obtain funds from his Firm accounts via checks that she wrote from the accounts; (2) commingled such funds with her own funds; (3) spent in excess of \$100,000 of the funds for her own benefit, allegedly with VG's consent; and (4) made misrepresentations and omissions concerning the receipt of the gifts and her fiduciary relationships with VG on numerous Firm annual compliance questionnaires.

Additionally, Larsen failed to amend her Form U4 to reflect that she filed a petition for relief under Chapter 7 of the U.S. Bankruptcy Code in November of 2009.

As set forth below, Larsen violated NASD Rule 2110 (prior to December 15, 2008) and FINRA Rule 2010 (on December 15, 2008 and thereafter) with respect to her misconduct concerning VG. Also, she willfully violated Article V, Section 2(c) of FINRA's By-Laws, IM-1000-1 and FINRA Rules 1122 and 2010 with respect to her failure to amend her Form U4 to reflect the filing of the aforementioned bankruptcy petition.

FACTS AND VIOLATIVE CONDUCT

Facts

In April of 2004, when he was 80 years old, VG opened several securities accounts at the Firm. Through March of 2009, these accounts were serviced by Larsen. Larsen had previously serviced accounts for VG at a broker-dealer that she had previously worked for.

Also prior to the time that VG opened the accounts at the Firm, his spouse had passed away. He thereafter lived alone and did not have close relatives or children. Larsen befriended VG and helped him with a variety of tasks, including paying bills, filing tax returns and coordinating home repairs.

In fact, during early 2001, VG established a living trust (the "Trust"). Larsen was appointed as the Trust's Successor Trustee. At the time that the Trust was created, the beneficiaries of the Trust were several of VG's distant relatives.

The Firm's procedures required that fiduciary appointments could not be accepted by its registered representatives with respect to the Firm's customers without the Firm's written prior approval.

Also, the Firm's procedures prohibited registered representatives from accepting gifts from its customers. In some instances, the representatives were allowed to accept gifts valued at or under \$100 per recipient, per calendar year, if the representative received the Firm's prior approval.

At no time did Larsen obtain the approval of the Firm with respect to either her service as VG's fiduciary or the receipt of any gifts from VG.

During 2004 and each year thereafter, VG gave Larsen a number of gifts for which she had not obtained the Firm's approval. These gifts included jewelry valued in excess of \$100, two automobiles and paid out-of-town trips that she attended with VG.

Further, beginning in 2005 and through 2008, VG issued Larsen at least four checks as additional gifts. Larsen used the proceeds of these checks, which totaled in excess of \$10,000, to, among, other things, remodel her home.

The Firm distributed to Larsen annual compliance questionnaires during the time that she worked there. With the exception of the questionnaire distributed to Larsen during 2005, the questionnaires asked her to disclose whether she had either served as a fiduciary for a customer of the Firm or received a gift from such a customer that was valued at \$100 or more. (Although the 2005 questionnaire asked about fiduciary appointments, it did not ask about the receipt of gifts from customers of the firm.)

Larsen falsely represented on the 2004 through 2008 questionnaires that she was not acting as a fiduciary for any of the Firm's customers. She also falsely represented on the 2004 and the 2006 through 2008 questionnaires that she had not received gifts from a customer of the Firm that was valued in excess of \$100. In fact, as discussed above, Larsen had been appointed as the Successor Trustee of the Trust. She also accepted numerous gifts valued in excess of \$100 from VG during each of those years.

In September of 2008, VG granted Larsen a POA with respect to his financial assets. The terms upon which the POA was granted did not give Larsen the authority to use VG's assets for her own benefit.

In September of 2008, VG moved into an assisted living facility. Prior to that time, he had been diagnosed with Dementia.

Beginning in October of 2009 and continuing into 2010, pursuant to her alleged authority under to the POA, Larsen wrote a large number of checks to herself totaling in excess of \$200,000 (the largest for \$25,000) from VG's accounts at the Firm. She deposited the checks into savings and checking accounts that she had recently opened in her name at a credit union.

In depositing VG's funds into her personal bank accounts, Larsen commingled his funds with her own funds. She thereafter used the funds from these checks not only for his benefit, but her own as benefit as well. According to Larsen, VG authorized her to "spend down" his assets because, among other things, he did not have close family whom he wished to leave them to.

Further, as with the prior Firm questionnaires, Larsen falsely represented on the 2009 Firm questionnaire that she was not acting as a fiduciary for any of the Firm's customers. She also falsely represented on such questionnaire that she had not received gifts from a customer of the Firm that were valued in excess of \$100. In fact, as discussed above, Larsen had been appointed as the Successor Trustee of the Trust and had thereafter received a POA from him. She also accepted gifts valued in excess of \$100 from him during 2009.

On November 25, 2009, Larsen filed a petition for bankruptcy under Chapter 7 of the U.S. bankruptcy Code. However, at no time was her Form U4 (Uniform Application for Securities Industry Registration or Transfer) amended to reflect the filing.

Larsen disclosed on the 2010 Firm compliance questionnaire that she was acting as a fiduciary for VG. At such time, the Firm required her to submit a written request for approval to act as a fiduciary for VG.

Larsen thereafter made a written request to the Firm for approval to serve as a fiduciary for VG. However, the Firm denied the request and terminated Larsen's employment.

Violative Conduct

Acceptance of Money and Other gifts

NASD Rule 2110 (applicable to conduct occurring prior to December 15, 2008) and FINRA Rule 2010 (applicable to conduct occurring on that date and thereafter) require member firms and associated persons to "observe high standards of commercial honor and just and equitable principles of trade."

By accepting the aforementioned gifts from VG, Larsen violated NASD Rule 2110 and FINRA Rule 2010.

Violative Conduct Concerning VG

By transferring VG's funds to her personal bank accounts, commingling such funds with her own funds and spending much of the funds for her own benefit, all of which occurred when VG had diminished mental capacity due to the onset of Dementia, Larsen violated Rule 2010.

Failure to Disclose and Misstatements to the Firm

By falsely representing: (1) on the 2004 through 2009 questionnaires that she was not acting as a fiduciary for any of the Firm's customers, and (2) on the 2004 and 2006 through 2010 questionnaires that she had not received gifts from a customer of the Firm that were valued in excess of \$100 when she had acted as VG's fiduciary and accepted the aforementioned substantial gifts from him, Larsen violated NASD Rule 2110 and FINRA Rule 2010.

Failure to Disclose a Bankruptcy Filing on Form U4

Article V, Section 2(c) of FINRA's By-Laws provide that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments which must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

IM-1000-1 and FINRA Rule 1122 provide that no member or person associated with a member shall file incomplete or inaccurate information so as to be misleading.

Section 3(a)(39)(F) of the Securities Exchange Act of 1934 provides that a person who files an application for association with a member of a self-regulatory organization and willfully omits any material fact in that application is statutorily disqualified from participating in the securities industry.

By knowingly filing a petition for relief under Chapter 7 of the U.S. Bankruptcy Code in November of 2009 and not causing her Form U-4 to be amended to reflect such filing, Larsen willfully violated Article V, Section 2(c) of FINRA's By-Laws, FINRA Rules 1122 and 2010 and IM-1000-1.

B. Larsen also consents to the imposition of the following sanction: a bar.

Larsen understands that this settlement includes a finding that she willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission/misrepresentation makes her subject to a statutory disqualification with respect to association with a member.

Larsen also understands that if she is barred or suspended from associating with any FINRA member, she becomes subject to a statutory disqualification as that

term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Larsen may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), the bar shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Larsen specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against her;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Larsen specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Larsen further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Larsen understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against her; and
- C. If accepted:
 - 1. this AWC will become part of Larsen's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against her;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about her disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Larsen not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Larsen may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Larsen's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Larsen certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that she has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce her to submit it.

10 25 2012
Date (10/25/2012)

Tammye L. Larsen
Tammye L. Larsen

Accepted by FINRA:

11/8/12
Date

Signed on behalf of the
Director of ODA, by delegated authority

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